

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF PENDLETON COUNTY WATER)	
DISTRICT, GAS DIVISION, TO)	
INCREASE BASIC GAS RATES, TO)	
IMPOSE A TEMPORARY GAS SURCHARGE)	CASE NO. 8568
TO PAY ITS SUPPLIERS AND MOTION)	
FOR INTERIM RATES)	

O R D E R

On December 4, 1984, Columbia Gas Transmission Corporation ("Columbia Transmission") and Columbia LNG Corporation ("Columbia LNG") filed a joint motion to compel Pendleton County Water District, Gas Division, ("Pendleton County") to comply with the Commission's Order of June 10, 1983, in Case No. 8568, wherein a surcharge was allowed to collect funds needed to pay outstanding obligations for wholesale gas to the aforesaid petitioners. The Commission, on December 21, 1984, ordered Pendleton County to respond to the joint motion, or attend a hearing and show cause why it has not complied with the Commission's Order. Pendleton County requested an extension of 1 week to file the information and a continuation of the show cause hearing. The Commission granted the extension of time and rescheduled the hearing for January 18, 1985.

The required information had not been furnished by January 18, 1985, and the scheduled hearing was conducted. However, the attorney for Pendleton County was the only utility

representative present due to illness and hospitalization of the manager. The substance of the information provided at the hearing by Pendleton County's attorney was that:

1. Pendleton County has not been billing the surcharge as a separate item on consumers' bills.

2. A determination has not been made of how much has been collected since the June 10, 1983, Order, from the \$1.01 per Mcf surcharge which has been billed as a part of the customer usage rate.

3. The information concerning the amount collected cannot be determined until Pendleton County's manager gets out of the hospital.

4. No revenues from the June 10, 1983, rates have been put into an escrow account.

5. It is not known whether funds are available for the escrow of these revenues.

The Commission is seriously concerned by the fact that Pendleton County has ignored the Order of the Commission of June 10, 1983, and has not made a reasonable effort to respond to the Commission's inquiries as to the status of revenue collected to pay past due obligations for its gas supply. Since the Order of June 10, 1983, Pendleton County has illegally charged an unauthorized rate by not itemizing the surcharge on customers' bills. Furthermore, Pendleton County has not filed quarterly reports as required by the Order and little, if any, effort has been made to respond to the show cause Orders issued on December 21, 1984, and January 7, 1985. The Commission staff has obtained billing

information from Pendleton County and sales information from Columbia Transmission and estimates that Pendleton County has sold and billed approximately 197,476 Mcf of gas since June 10, 1983, which should have generated approximately \$200,000 from the surcharge.

IT IS THEREFORE ORDERED that Pendleton County shall place into an escrow account \$200,000 and provide to the Commission an affidavit from the depository that said amount has been deposited for the sole purpose of payment of past due purchased gas obligations, within 10 days of the date of this Order.

IT IS FURTHER ORDERED that Pendleton County shall immediately, with the next gas bills rendered, set out the surcharge component of the bill as a separate item on the bill and maintain its records so that the amount of surcharge revenue can be readily determined.

IT IS FURTHER ORDERED that within 10 days of the date of this Order Pendleton County shall file a sworn affidavit that the surcharge is being billed as a separate item on customers' bills and that records are being maintained so that the surcharge revenue can be readily determined.

IT IS FURTHER ORDERED that all money collected under the surcharge rate subsequent to December 31, 1984, shall be deposited into an escrow account to be used for the sole purpose of paying past due purchased gas obligations.

IT IS FURTHER ORDERED that beginning with January, 1985, Pendleton County shall begin filing monthly reports no later than the 15th day of the following month which states the amount of

revenue billed under the surcharge rate, the volume of Mcf of gas purchased and sold and the amount of deposits into the escrow account.

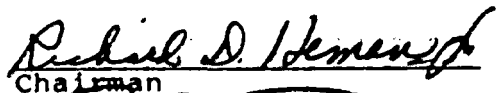
IT IS FURTHER ORDERED that Pendleton County shall determine the exact amount of Mcf of gas sold since the June 10, 1983, Order through December 31, 1984, and provide said information to the Commission within 20 days of the date of this Order.

IT IS FURTHER ORDERED that Pendleton County shall upon the determination required in the preceding ordering paragraph, deposit any additional money required into the escrow account based on the difference between the amount estimated by the Commission staff and the actual amount collected and provide evidence that said deposit has been made within 20 days of the date of this Order.

IT IS FURTHER ORDERED that failure to comply with any of the provisions of this Order will constitute willful disregard for the Commission's Orders and may result in suspension or cancellation of the surcharge rate.

Done at Frankfort, Kentucky, this 6th day of February, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary